

**NORTH VIEW FIRE AGENCY**  
**Formerly North View Fire Department**  
**(A Component Unit of North Ogden City)**

**Financial Statements - June 30, 2005 and 2004**

**(With Auditors' Report Thereon)**

NORTH VIEW FIRE AGENCY  
Formerly North View Fire Department  
(A Component Unit of North Ogden City)

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Independent Auditors' Report

North View Fire Agency  
Formerly North View Fire Department  
(A Component Unit of North Ogden City)

We have audited the accompanying statement of net assets of North View Fire Agency formerly North View Fire Department (A Component Unit of North Ogden City) as of June 30, 2005 and 2004, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North View Fire Agency at June 30, 2005 and 2004, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated November 28, 2005 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

*Crane, Christensen & Ambrose P.C.*

November 28, 2005

**NORTH VIEW FIRE AGENCY**  
**Management's Discussion and Analysis**  
for fiscal year ending June 30, 2005

**Introduction**

The discussion and analysis of North View Fire Agency's financial performance provides an overview of the Agency's financial activities for the fiscal year ending June 30, 2005 and the related comparative financial activities for the fiscal year ending June 30 2004. This report is a part of the Agency's Annual Report.

The purpose of the Agency is to provide fire protection, emergency medical services, and other related services to Harrisville City, North Ogden City, and Pleasant View City. Formerly an internal service fund of North Ogden City, the Agency was established in September 2003 as a separate local entity. The funding and operation of the agency remains the same under the new agreement between the Agency and the three cities. The Agency is overseen by the Governing Board which consists of the mayors from each city or their appointed representatives. Service and revenue bond charges to the cities is the major source of funding for the Agency. These charges are budgeted by the agency and then approved by the Agency's Governing Board and each of the three city councils.

**Using the Annual Report**

This annual report consists of a series of financial statements as follows:

- **The Statement of Net Assets** presents information on all the Agency's assets and liabilities, with the difference between the two reported as net assets.
- **The Statement of Revenue, Expenses, and Changes in Net Assets** presents information showing how the Agency's net assets changed during the most recent fiscal year. All changes in net assets are reported on an accrual basis, that is, the event is recorded in the accounting records when the underlying event takes place regardless of the timing of the related cash flows.
- **The Statement of Cash Flows** presents the financial activities of the Agency on a cash-received and cash paid basis. This statement also reconciles the change in cash accounts for the Agency from the prior year to the current year.
- **Notes to the Financial Statements** provide additional details underlying the data provided in the Financial Statements.

**Financial Highlights**

The Statement of Net Assets outlines the assets, liabilities and net assets of the agency. Table 1 contains a Statement of Net Assets that shows current year numbers as a percentage of Total Assets as well as the dollar increase or decrease for each financial statement item and related percent change in relation to the prior year, June 30, 2004.

**Table 1: Comparative/Percentage Summary Statement of Net Assets**

	June 30 2005	June 30 2005 % of Total Assets	Increase (Decrease) from Prior Year	% Change from Prior Year	Prior Year June 30 2004
<b>Current Assets:</b>					
Cash and investments	1,276,531	36.30%	297,973	30.45%	978,558
Ambulance fee receivable (net)	47,560	1.35%	(2,640)	-5.26%	50,200
Due from other Governments	9,598	0.27%	9,598		-
Grants Receivable	10,991	0.31%	(1,861)	-14.48%	12,852
<b>Total Current Assets</b>	<b>1,344,680</b>	<b>38.23%</b>	<b>303,070</b>	<b>29.10%</b>	<b>1,041,610</b>
<b>Restricted assets:</b>					
Cash with fiscal agent	121,373	3.45%	515	0.43%	120,858
<b>Total Current Assets and Restricted Assets</b>	<b>1,466,053</b>	<b>41.68%</b>	<b>303,585</b>	<b>26.12%</b>	<b>1,162,468</b>
<b>Non-current assets:</b>					
Deferred bond charges (net)	30,650	0.87%	(2,786)	-8.33%	33,436
<b>Total capital assets</b>	<b>2,020,377</b>	<b>57.44%</b>	<b>(101,766)</b>	<b>-4.80%</b>	<b>2,122,143</b>
<b>Total non-current assets</b>	<b>2,051,027</b>	<b>58.32%</b>	<b>(104,552)</b>	<b>-4.85%</b>	<b>2,155,579</b>
<b>Total assets</b>	<b>3,517,080</b>	<b>100.00%</b>	<b>199,033</b>	<b>6.00%</b>	<b>3,318,047</b>
<b>Total current liabilities</b>	<b>324,239</b>	<b>9.22%</b>	<b>222,246</b>	<b>217.90%</b>	<b>101,993</b>
<b>Total non-current liabilities</b>	<b>1,127,000</b>	<b>32.04%</b>	<b>(69,000)</b>	<b>-5.77%</b>	<b>1,196,000</b>
<b>Total liabilities</b>	<b>1,451,239</b>	<b>41.26%</b>	<b>153,246</b>	<b>11.81%</b>	<b>1,297,993</b>
<b>Net assets:</b>					
Capital assets net of related debt	824,377	23.44%	(34,766)	-4.05%	859,143
Unrestricted	1,241,464	35.30%	80,553	6.94%	1,160,911
<b>Total net assets</b>	<b>2,065,841</b>	<b>58.74%</b>	<b>45,787</b>	<b>2.27%</b>	<b>2,020,054</b>

The total assets of \$3,517,080 includes unrestricted current assets of \$1,344,680 (cash investments, and receivables), restricted assets of \$121,373 set aside for the bond fund., and non-current assets in the amount of \$2,051,027, the majority of which is capital assets. As a percentage of total assets, current assets make up 38.23%, restricted assets make up 3.45%, and non-current assets represent the other 58.32%.

The current year total assets increased by \$199,033 or 6.00% more than last year. Current assets increased \$303,070 or 29.10% more than the prior year. This increase is mostly due an increase of \$297,973 in cash and investments. The increase in cash and investments includes \$200,000 that North Ogden city overpaid the agency in the transfer of cash and investments related to the Agency becoming a separate entity from North Ogden City. The agency is also trying to build up cash in preparation for replacing fire

and medical vehicles, the cost of which is not included in the revenue side of next year's approved budget. Non-current assets decreased by \$104,552 representing a decrease of 4.85 percent change from last year. The decrease in non-current assets is primarily due to accumulated depreciation reducing the net capital assets by \$101,766.

The only liabilities other than the bonds payable are compensated absences for the firefighters (\$49,807), accounts payable (\$5,432), and an amount due to North Ogden City (\$200,000). This amount owed to North Ogden City represents an overpayment when the city transferred the cash and investments it owed the agency as of April 2005. The current portion of the bonds payable is \$69,000 and the non-current portion is \$1,127,000. Current liabilities represent 22.34% of liabilities while non-current liabilities are 77.66% of total liabilities.

In relation to the prior year, current liabilities increased \$222,246, (217.90%), mostly due to the amount owed to North Ogden City. Non-current liabilities decreased by 69,000 (5.77%) from the prior year. This decrease is mostly from the payment of principle to the bonds payable. Overall liabilities increased by \$153,256 or 11.81%. Without the amount owed to North Ogden City due to their overpayment, liabilities decreased from the prior year.

The current ratio (Current Assets [\$1,344,680]/Current liabilities[\$324,239]) is 4.147. This ratio shows that the agency has plenty of liquid assets to pay the current liabilities as or year end.

Total net assets of \$2,065,841 (\$824,377 is capital assets net of related debt and the remainder \$1,241,464 represents unrestricted net assets) is an increase of \$45,787 (2.27%) from the prior year.

The Statement of Revenues, Expenses and Change in Net Assets outlines the Revenues and Expenses during the year and how these revenues and expenses combine to change the overall Net Assets. Table 2 contains a Statement of Net Assets that shows current year numbers as a percentage of the respective statement categories as well as the dollar increase or decrease for each financial statement item and related percent change in relation to the prior year, June 30, 2004.

**Table 2: Comparative/Percentage Summary Statement of Revenue, Expenses and Net Assets**

	June 30 2005	June 30 2005 % of Category	Increase (Decrease) from Prior Year	% Change from Prior Year	Prior Year June 30 2004
<b>Operating revenues:</b>					
Charges to cities for services	977,302	82.44%	167,252	20.65%	810,050
Ambulance fees	207,349	17.49%	21,386	11.50%	185,963
Other revenues	789	0.07%	669	557.50%	120
<b>Total operating revenues</b>	<b>1,185,440</b>	<b>100.00%</b>	<b>189,307</b>	<b>19.00%</b>	<b>996,133</b>
<b>Operating Expenses:</b>					
Personnel services	806,607	71.46%	114,263	16.50%	692,344
Materials, supplies, and services	173,185	15.34%	3,581	2.11%	169,604
Depreciation	149,007	13.20%	29,698	24.89%	119,309
<b>Total operating expenses</b>	<b>1,128,799</b>	<b>100.00%</b>	<b>147,542</b>	<b>15.04%</b>	<b>981,257</b>
<b>Operating Income</b>	<b>56,641</b>		<b>41,765</b>	<b>280.75%</b>	<b>14,876</b>
<b>Total non-operating revenues (expenses)</b>	<b>(10,854)</b>	<b>100.00%</b>	<b>(110,472)</b>	<b>-110.90%</b>	<b>99,618</b>
<b>Income before capital contributions</b>	<b>45,787</b>		<b>(68,707)</b>	<b>-60.01%</b>	<b>114,494</b>
Capital contributed by cities due to asset transfer less bond assumptions			(610,963)	-100.00%	610,963
<b>Other Contributed Capital from Cities</b>					
<b>Change in net assets</b>	<b>45,787</b>				<b>725,457</b>
<b>Net assets at beginning of year</b>	<b>2,020,054</b>		<b>725,457</b>	<b>56.04%</b>	<b>1,294,597</b>
<b>Net assets at end of year</b>	<b>2,065,841</b>		<b>45,787</b>	<b>2.27%</b>	<b>2,020,054</b>

The Agency realizes nearly all its operating revenue from two sources: charges for services to the three cities and ambulance fees. Other revenues are nominal. Total Operating revenue is \$1,185,440, up 19% from the prior year. Charges for services in the amount of \$977,302 are a 20.65 % increase from the prior year and comprise 82.44% of the current year total operating revenue. Ambulance fees in the amount of \$207,349 are an 11.50% increase from the prior year and comprise 17.49% of the current year total operating revenue.

Total operating expenses total \$1,128,799 and represent a 15.04% increase from the prior year. Although operating expenses did go up, the increase was more than offset by the increase in revenues. The largest expense is personnel services making up \$806,607 or 71.46% of the total operating expenses. Personnel expense increased 16.50% from the prior year. Increases in compensated absences, medical and dental premiums, part time and full time pay rates, and an additional full time equivalent firefighter contributed to the increase in overall personnel expenses in relation to the prior year. Materials and supplies in the amount of \$173,185, represent 15.34% of the expenses and increased only 2.11% from the prior year. Depreciation of the physical assets makes up the remaining \$149,007 or 13.20% of the total operating expenses. Depreciation increased 24.89% from prior year due to fixed assets purchased of \$69, 147 in which a full year of depreciation was taken. The deleted fixed assets were mostly fully depreciated assets.

During fiscal year 2005 there were no significant variations between the actual revenues and expenses and the budgeted revenues and expenses as a whole and approved by the Board of Governors and each of the city councils. The financial position of the agency has not significantly changed from the prior year as the agreement for services and funding between the agency and cities has remained fundamentally the same as when the agency was a component department of North Ogden City.

#### **Requests for Information**

This financial report is designed to provide citizens of Harrisville City, North Ogden City, and Pleasant View City with a general overview of the Agency's finances and to show accountability for the funding it receives. Questions concerning any of the information in this report should be addressed to:

Lynn S. Froerer, Chief  
North View Fire Agency  
315 E 2550 North  
North Ogden, UT 84414



NORTH VIEW FIRE AGENCY  
Formerly North View Fire Department  
(A Component Unit of North Ogden City)

Statement of Net Assets

June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Current assets:		
Cash and investments	\$ 1,276,531	978,558
Ambulance fees receivable (net)	47,560	50,200
Due from other governments	9,598	-
Grants receivable	<u>10,991</u>	<u>12,852</u>
Total current assets	<u>1,344,680</u>	<u>1,041,610</u>
Restricted assets:		
Cash with fiscal agent	121,373	120,858
Non-current assets:		
Deferred bond charges (net)	30,650	33,436
Capital assets:		
Land	91,250	98,000
Buildings and improvements	1,590,008	1,590,008
Equipment	1,125,221	1,107,778
Accumulated depreciation	<u>(786,102)</u>	<u>(673,643)</u>
Total capital assets, net of accumulated depreciation	<u>2,020,377</u>	<u>2,122,143</u>
Total non-current assets	<u>2,051,027</u>	<u>2,155,579</u>
Total assets	<u>3,517,080</u>	<u>3,318,047</u>
Current liabilities:		
Accounts and accrued expenses payable	5,432	-
Compensated absences payable	49,807	34,993
Current portion of bond payable	69,000	67,000
Due to other governments	<u>200,000</u>	<u>-</u>
Total current liabilities	<u>324,239</u>	<u>101,993</u>
Non-current liabilities:		
Bond payable	1,196,000	1,263,000
Bond payable - current portion	<u>(69,000)</u>	<u>(67,000)</u>
Total non-current liabilities	<u>1,127,000</u>	<u>1,196,000</u>
Total liabilities	<u>1,451,239</u>	<u>1,297,993</u>
Net assets:		
Invested in capital assets, net of related debt	824,377	859,143
Unrestricted	<u>1,241,464</u>	<u>1,160,911</u>
Total net assets	<u>\$ 2,065,841</u>	<u>2,020,054</u>

See independent auditors' report and notes to financial statements.

NORTH VIEW FIRE AGENCY  
Formerly North View Fire Department  
(A Component Unit of North Ogden City)

Statement of Revenues, Expenses, and Changes in Net Assets

Years Ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Operating revenues:		
Charges to cities for services	\$ 977,302	810,050
Ambulance fees	207,349	185,963
Other revenues	789	120
Total operating revenues	<u>1,185,440</u>	<u>996,133</u>
Operating expenses:		
Personnel services	806,607	692,344
Materials, supplies and services	173,185	169,604
Depreciation and amortization	149,007	119,309
Total operating expenses	<u>1,128,799</u>	<u>981,257</u>
Operating income	<u>56,641</u>	<u>14,876</u>
Non-operating revenues (expenses):		
Grants received	16,817	85,721
Interest income	24,384	12,729
Sale of assets	2,557	(182)
Donations	625	1,350
Interest expense	(55,237)	-
Total non-operating revenues (expenses)	<u>(10,854)</u>	<u>99,618</u>
Income before capital contributions	45,787	114,494
Capital contributed by cities due to bond assumption and asset transfer	<u>-</u>	<u>610,963</u>
Change in net assets	45,787	725,457
Net assets at beginning of year	<u>2,020,054</u>	<u>1,294,597</u>
Net assets at end of year	<u>\$ 2,065,841</u>	<u>2,020,054</u>

See independent auditors' report and notes to financial statements.

**NORTH VIEW FIRE AGENCY**  
Formerly North View Fire Department  
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Statement of Cash Flows

Years Ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Cash flows from operating activities:		
Cash received from cities	\$ 1,174,454	843,666
Cash received from ambulance users	209,989	181,552
Other operating cash receipts	789	120
Cash payments to employees	(790,692)	(711,051)
Cash payments to suppliers for material and services	<u>(173,185)</u>	<u>(172,331)</u>
Net cash provided by operating activities	<u>421,355</u>	<u>141,956</u>
Cash flows from non-capital financing activities:		
Donations received	<u>625</u>	<u>1,350</u>
Net cash provided by non-capital financing activities	<u>625</u>	<u>1,350</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(69,147)	(129,624)
Grants received	18,677	72,869
Proceeds from sale of assets	20,500	17,501
Bond issue costs deferred	-	(33,436)
Interest on bonds	(50,906)	-
Bond payments	(67,000)	-
Net deposits to restricted cash	<u>(515)</u>	<u>-</u>
Net cash used by capital and related financing activities	<u>(148,391)</u>	<u>(72,690)</u>
Cash flows from investing activities:		
Interest on cash	<u>24,384</u>	<u>12,729</u>
Net cash provided by investing activities	<u>24,384</u>	<u>12,729</u>
Net change in cash and cash investments	297,973	83,345
Cash and cash investments at beginning of year	<u>978,558</u>	<u>895,213</u>
Cash and cash investments at end of year	<u>\$ 1,276,531</u>	<u>978,558</u>
Reconciliation of operating income to net cash flows from operating activities:		
Operating income	\$ 56,641	14,876
Add depreciation expense and amortization	149,007	119,309
Changes in current assets and current liabilities:		
Decrease (increase) in current assets:		
Due from cities	(2,848)	33,615
Ambulance fees receivable	2,640	(4,411)
Increase (decrease) in current liabilities:		
Accounts payable	1,101	(2,726)
Compensated absences payable	14,814	(18,707)
Due to other governments	<u>200,000</u>	<u>-</u>
Net cash flows from operating activities	<u>\$ 421,355</u>	<u>141,956</u>
Non-cash investing, capital and financing activities:		
Received assets from North Ogden City	\$ -	1,753,405
Assumed debt on related assets	-	(1,263,000)
Land sale on account to North Ogden City	6,750	-

See independent auditors' report and notes to financial statements.

NORTH VIEW FIRE AGENCY  
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Notes to Financial Statements

June 30, 2005 and 2004

**(1) Organization and Summary of Significant Accounting Policies**

**A. Nature of Operations**

North View Fire Agency was established September 23, 2003 as a separate inter-local entity to provide fire protection, emergency medical services, and other related services to the Cities of North Ogden, Pleasant View and Harrisville, Utah. Prior to becoming a separate entity, these services were provided by North View Fire Department an internal service fund of North Ogden City. The funding and operation of the activity is substantially the same under the new agreement, therefore, the financial statements reflect operation of the activity for the twelve month period as if the Agency were established July 1, 2003.

**B. Financial Reporting Model**

The Agency has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*.

**C. Accounting Policies**

**Fund Accounting** - The accounts of the Agency are organized as one proprietary fund type specifically as an enterprise fund. Proprietary funds account for the flow of economic resources and use the accrual basis for accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. The Agency applied all applicable FASB pronouncements in accounting and reporting for its proprietary operations. Enterprise funds account for operations that are financed and operated in a manner similar to private business or where the intent of the governing body is that costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

**Reporting Entity** - In evaluating how to define the government for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of the ability is financial interdependency. Other manifestations of this ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability of fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application for this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the Agency has no component units. The Agency has been determined to be a component unit of North Ogden City. The City is considered to be the primary government for the Agency because the City provides substantial economic support.

**Deposits and Investments** - The Agency's cash and cash equivalents are considered to be cash on hand and demand deposits. Investments are stated at cost.

**Property and equipment** - Property and equipment is carried at cost in the enterprise funds. Depreciation is computed by use of the straight-line method over their estimated useful lives as follows:

	<u>Years</u>
Buildings and structures	50
Machinery and equipment	3-10
Trucks	4-20

**Bond issue costs** - Amortization of bond issue costs is computed on the straight-line method over the term of the related revenue bonds.

**Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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Notes to Financial Statements - Continued

June 30, 2005 and 2004

**(1) Organization and Summary of Significant Accounting Policies - Continued**

**D. Basis of Accounting**

The Agency is accounted for using the accrual basis of accounting. Its revenues are recognized when they are earned, and its expenses are recognized when they are incurred. The Agency applies only the applicable FASB pronouncements issued on or before November 30, 1989.

**(2) Deposits and Investments**

Deposits and investments for North View Fire Agency are governed by the Utah Money Management Act and by rules of the Utah Money Management Council. Following are discussions of the Agency's exposure to various risks related to its cash management activities.

**A. Custodial Credit Risk**

*Deposits.* Custodial credit risk for deposits is the risk that in the event of a bank failure, the Agency's deposits may not be recovered. The Agency's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of Agency funds to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the commissioner of Financial Institutions as meeting the requirement of the Act and adhering to the rules of the Utah Money Management Council.

The Agency's deposits in the bank in excess of the insured amount are uninsured and are not collateralized, nor do state statutes require them to be. The Agency's deposits at June 30, 2005 were \$318,980, of which \$218,980 were uninsured and uncollateralized.

**B. Credit Risk**

Credit risk is the risk that the counterparty to an investment transaction will not fulfill its obligations. The Agency's policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first-tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard & Poors; bankers acceptances; obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations; and shares in a money market fund as defined in the Act.

The Agency is also authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized costs basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares. Following are the Agency's investments at June 30, 2005:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Quality Ratings</u>
PTIF Investments	\$ <u>857,551</u>	54 days*	not rated

\*Weighted-average maturity

**C. Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Agency manages its exposure to declines in fair value by investing solely in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed

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Notes to Financial Statements - Continued

June 30, 2005 and 2004

**(2) Deposits and Investments - Continued**

the period of availability of the funds to be invested. The Act further limits the remaining term to maturity of commercial paper to 270 days or less and fixed rate negotiable deposits and corporate obligations to 365 days or less. Maturities of the Agency's investments are noted in the previous table.

**D. Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Agency's policy to limit this risk is to adhere to the rules of the Money Management Council and to invest most of its available funds in the PTIF. The Council rules do not limit the amount of investments a government may make in any one issuer except for Rule 2 regarding certain endowments and funds with a long-term perspective, and Rule 17 which limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending upon the total dollar amount held in the government's portfolio at the time of purchase.

**(3) Assets Held by Trustee**

The balance of assets held by the fiscal agent in each fund (more fully described in note 5) at June 30, 2005 and 2004 was as follows:

	<u>2005</u>	<u>2004</u>
Bond sinking fund	\$ <u>121,373</u>	<u>120,858</u>

The assets held by the fiscal agent consisted of the following at June 30, 2005 and 2004:

	<u>2005</u>	<u>2004</u>
Utah Public Treasurer's Investment Fund	\$ <u>121,373</u>	<u>120,858</u>

**(4) Property and Equipment**

Changes in property and equipment for the year ended June 30, 2005 are as follows:

	Balance June 30, <u>2004</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2005</u>
Assets not being depreciated:				
Land	\$ 98,000	-	6,750	91,250
Total	<u>98,000</u>	<u>-</u>	<u>6,750</u>	<u>91,250</u>
Assets being depreciated:				
Buildings	1,590,008	-	-	1,590,008
Equipment	<u>1,107,778</u>	<u>69,147</u>	<u>51,704</u>	<u>1,125,221</u>
Total	<u>2,697,786</u>	<u>69,147</u>	<u>51,704</u>	<u>2,715,229</u>
Less accumulated depreciation:				
Buildings	31,809	31,800	-	63,609
Equipment	<u>641,835</u>	<u>114,421</u>	<u>33,763</u>	<u>722,493</u>
Total	<u>673,644</u>	<u>146,221</u>	<u>33,763</u>	<u>786,102</u>
Property and equipment being depreciated (net)	<u>2,024,142</u>	<u>(77,074)</u>	<u>17,941</u>	<u>1,929,127</u>
Total property and equipment (net)	\$ <u>2,122,142</u>	<u>(77,074)</u>	<u>24,691</u>	<u>2,020,377</u>

**NORTH VIEW FIRE AGENCY**  
Formerly North View Fire Department  
(A Component Unit of North Ogden City)

Notes to Financial Statements - Continued

June 30, 2005 and 2004

**(5) Long-Term Debt**

The Agency has \$1,196,000 in lease revenue bonds outstanding, with average interest rates ranging from 3.75% to 4.70%. Repayment will be due in years 2006 through 2016 and will be financed from additional payment by the Cities in the inter-local agreement.

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Beginning Balance</u>
Lease revenue bonds	\$ <u>1,263,000</u>	<u>-</u>	<u>67,000</u>	<u>1,196,000</u>

The debt maturities are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2006	\$ 69,000	50,555	119,555
2007	72,000	47,648	119,648
2008	76,000	44,464	120,464
2009	79,000	41,034	120,034
2010	83,000	37,368	120,368
2011-2015	178,000	62,753	240,753
2016 and later	<u>639,000*</u>	<u>80,091*</u>	<u>719,091*</u>
	<u>\$ 1,196,000</u>	<u>363,913</u>	<u>1,559,913</u>

\*Bonds maturing in 2016 totaling \$639,000 have an interest rate adjustable to an index in January of 2006 and 2011. These bonds refinanced the prior bonds issued by North Ogden City-MBA and are used to finance the new Fire Agency building.

**(6) Retirement Plans**

**Plan Description**

North View Fire Agency contributes to the Utah Firefighters' Retirement System, all cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems. Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The System is established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Non-contributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah, 84102 or by calling 1-800-365-8772.

**Funding Policy**

The Agency contributes 8.610% to the Firefighters' System based on covered wages. The contribution rate is actuarially determined. The contribution requirements of the System is authorized by statute and specified by the Board.

**NORTH VIEW FIRE AGENCY**  
Formerly North View Fire Department  
(A Component Unit of North Ogden City)

Notes to Financial Statements - Continued

June 30, 2005 and 2004

**(6) Retirement Plans - Continued**

The Agency's contributions to the Utah Firefighters' Retirement System for June 30, 2005, 2004 and 2003 were as follows:

	<u>2005</u>	<u>2004</u>	<u>2003</u>	
Agency	\$ 22,596	8,451	-	Employer paid for employee contributions.
North Ogden City	<u>-</u>	<u>13,598</u>	<u>21,405</u>	Employer paid for employee contributions.
	<u>\$ 22,596</u>	<u>22,049</u>	<u>21,405</u>	

The above contributions were equal to the required contributions for each year.

**(7) Related Party Transactions**

The Agency received revenues from the cities of Harrisville, North Ogden, and Pleasant View whose mayors are on the Board of the Agency. These revenues for the year ended June 30, 2005 totaled \$977,302 and for the year ended June 30, 2004 totaled \$810,050. The Agency had receivables from these parties as of June 30, 2005 and 2004 totaling \$9,598 and \$-0- respectively.

**(8) Cash and Temporary Cash Investment**

On the statement of cash flows, cash and temporary cash investments includes the following balance sheet amounts:

	<u>2005</u>	<u>2004</u>
Cash	\$ 418,980	141,536
Temporary cash investments (PTIF)	<u>857,551</u>	<u>837,022</u>
	<u>\$ 1,276,531</u>	<u>978,558</u>

**(9) Risk Management**

North View Fire Agency is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disaster for which the government carries commercial insurance. Deductibles on claims are paid for when experiencing the damage or loss.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). At June 30, 2005, there were no outstanding claims or judgements against the Agency. Settlements did not exceed insurance coverage for the past year.





Steven F. Crane, CPA  
Kent R. Christensen, CPA  
Jeffrey L. Ambrose, CPA  
Chuck Palmer, CPA

Report on Compliance and on Internal Control over Financial  
Reporting Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards

North View Fire Agency  
Formerly North View Fire Department  
(A Component Unit of North Ogden City)

We have audited the financial statements of North View Fire Agency formerly North View Fire Department (A Component Unit of North Ogden City) as of and for the year ended June 30, 2005, and have issued our report thereon dated November 28, 2005. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether North View Fire Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government auditing Standards.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered North View Fire Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the management, Fire Chief, Board of Mayors and oversight awarding agencies. However, this report is a matter of public record and its distribution is not limited.

*Crane, Christensen & Ambrose P.C.*

November 28, 2005

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Steven F. Crane, CPA  
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Independent Auditors' Legal Compliance Report

North View Fire Agency  
Formerly North View Fire Department  
(A Component Unit of North Ogden City)

We have audited the financial statements of North View Fire Agency formerly North View Fire Department (A Component Unit of North Ogden City) for the year ended June 30, 2005, and have issued our report thereon dated November 28, 2005. As part of our audit, we have audited the Agency's compliance with those general compliance requirements identified in the Compliance Manual for Audits of Local Governments in Utah including:

Public Debt  
Cash Management  
Purchasing Requirements  
Other Compliance Requirements

The Agency received the following non-major grants which are not required to be audited for specific compliance requirements: (However, these programs were subject to test work as part of the audit of North View Fire Agency's financial statements.)

EMS Grant (Utah Department of Health, Bureau of Emergency Medical Services)

The management of North View Fire Agency is responsible for the Agency's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instance of noncompliance with the requirements referred to above, which are outlined in the accompanying schedule of findings and questioned costs.

In our opinion, North View Fire Agency complied, except as disclosed above, in all material respects, with the general compliance requirements identified above for the year ended June 30, 2005.

*Crane, Christensen & Ambrose P.C.*

November 28, 2005

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NORTH VIEW FIRE AGENCY

Schedule of Findings and Questioned Costs

Year Ended June 30, 2005

**PROGRAM: GENERAL COMPLIANCE AND CASH MANAGEMENT**

**FINDING:** The Agency has not secured a fidelity bond in an amount at least equal to the table amount of 6% of prior year's budgeted gross revenues.

**QUESTIONED COSTS:** None

**RECOMMENDATION:** The Agency should obtain a treasurer's fidelity bond on an amount of at least equal to that required.

**AGENCY'S REPLY:** The Agency will obtain a public treasurer fidelity bond in an amount at least equal to that required.